

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

JANUARY 22, 2007

The State Building Commission Executive Subcommittee met this day at 10:30 a.m. in Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

Dave Goetz, Commissioner, Department of Finance and Administration
John Morgan, Comptroller of the Treasury
Dale Sims, State Treasurer
Riley Darnell, Secretary of State

OTHERS PRESENT

Mike Fitts, State Architect
Georgia Martin, State Architect's Office
Alan Roberts, Assistant State Architect
Charles Harrison, Comptroller's Office
Bob King, Real Property Administration
Jurgen Bailey, Real Property Administration
Jerry Preston, Tennessee Board of Regents
Diane Uhler, Tennessee Board of Regents
Dennis Raffield, THEC
Mike Morrow, Dept of Finance and Administration
Mark Wood, Secretary of State's Office
Genie Whitesell, Attorney General's Office
Janie Porter, Attorney General's Office
Annette Crutchfield, Legislative Budget
Ed Owens, Gresham Smith & Partners
Lindsay Smith, Gresham Smith & Partners
John Houghton, Gresham Smith & Partners
Howard Symons, Real Property Administration
Tom Chester, Dept of General Services
Michelle Mann, Dept of General Services
Paul Ballard, Nashville MTA
Ed Cole, Department of Transportation
Karen Hale, Comptroller's Office
Pat Haas, Bond Finance

Commissioner Goetz called the meeting to order at 10:42 a.m. and requested action on the following matters as presented by State Architect Mike Fitts.

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TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, WAIVER of REAL ESTATE MANAGEMENT FEE not to exceed the appraised value for the property being acquired:

Description:	<u>Knox County – 2.3 +/- acres improved with a 16,000 sf educational facility – 116 Hayfield Lane, Knoxville, TN – Trans. No. 06-12-005 (LW)</u>
Purpose:	Acquisition in Fee to purchase the property that is leased since 1998 as the off-campus teaching site for Roane State Community College health sciences program. Lease expires 6-30-2008.
Source of Funding:	G. O. Bonds Lease purchase / replacement fund
Estimated Cost:	\$1,500,000.00 per purchase option in lease
Owner(s):	Michael E. Schaad
SSC Report:	01-16-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.
SC Action:	01-22-07. Jurgen Bailey presented the transaction. Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

Statewide

- 1) Mr. Fitts presented a request to cancel Delivery Order #2 and approve Delivery Order #3 and acknowledgment of the source of funding for **Performance Contracting** at Tennessee State University in Nashville, Tennessee. Jerry Preston stated that Delivery Order #2 was for the backup generators, and because of TVA's change from a variable price index to a fixed price index, the savings were not as attractive as before. The Subcommittee discussed the issue and effect of this change on State facilities as well as on private industries. Comptroller Morgan commented that they need to factor the risk of changing markets for future projects of this nature. Treasurer Sims discussed that the reason was not just for payback savings. Mr. Preston confirmed that the backup generator gives them a lot of flexibility. After further discussion, the request was approved.

Estimated Project Cost:	\$ 8,000,000.00
Estimated Delivery Order #3 Cost:	\$ 3,300,000.00
SBC Project No.	166/001-01-2001

Discussion of Bids

- 1) East Tennessee State University, Johnson City
(Building 7 Pharmacy College Renovation)
SBC Project No. 166/005-14-2005
Bid date: 1-10-2006
SC Action: No action required
- 2) Middle Tennessee State University, Murfreesboro
(Chilled Water Line Replacement)
SBC Project No. 166/009-03-2006
Bid date: 1-10-2007
SC Action: No action required
- 3) Middle Tennessee State University, Murfreesboro
(Sewer System and Steam Manhole Updates)
SBC Project No. 166/009-02-2005
Bid date: 1-10-2007
SC Action: No action required

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Maury County – 230 East James Campbell Blvd., Columbia, TN – Trans. No. 06-05-900 (RS)

Purpose: To provide office space county operations

Term: October 1, 2007 thru September 30, 2008 (1 yr.)

Proposed Amount: 7,133 Square Feet

Annual Contract Rent:	\$ 99,862.00	@ \$14.00/sf
Est. Annual Utility Cost:	\$ 9,986.20	@ \$1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 7,846.30</u>	<u>@ \$1.10/sf</u>
Total Annual Effective Cost:	\$ 17,694.50	@ \$16.50/sf

Current Amount: None

Type: New Lease – Negotiated

FRF Rate: \$13.50 per square foot

Purchase Option: No

Lessor: Steven R. Bostelman

Comment: The proposed lease provides (1) Lessor will make interior improvements at no additional cost to the State, and (2) Lease includes a 90-day cancellation clause.

SSC Report: 01-16-07. Bill Bryan summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 01-22-07. Bob King presented the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF FINANCE ADMINISTRATION

DISCUSSION ITEM: State Parking Study for Downtown Nashville

- 1) In April 2006 approval was granted by the Subcommittee to engage a consultant to research and prepare a State Parking Master Plan for Downtown Nashville. Under contract to the State, Gresham Smith and Partners completed this task. The stated purpose of the analysis and planning effort was to determine a course of action for providing vehicular parking for State Government personnel and operation in Nashville. One goal of the study was to provide a phased strategy approach to address both near-term and long-term parking needs over a twenty year horizon. Gresham Smith and Partners has prepared a short summary of their findings with recommendations for presentation to the members of the Subcommittee.

SC Action: 01-22-07. Jurgen Bailey presented the discussion item and introduced members from Gresham Smith & Partners who made the presentation. After general discussion, Secretary Darnell commented that he didn't want to see State employees pay for parking. He added that money drives habits, and maybe paying for parking will get more to car pool, ride the bus, etc. Subcommittee acknowledged that parking is a cost, and is not always recognized as a benefit. They added that this discussion was a good starting point and the effort was appreciated. No action was required.

STATE BUILDING COMMISSION

MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING

- 1) Approved the Minutes of the Executive Subcommittee meeting held on December 18, 2006.

SPECIAL ITEM

- 1) In response to Executive Order 41 and Public Chapter 878 as it relates to illegal immigrants, Subcommittee approved a request for recommendation to the full Commission the following modifications to the Standard Terms and Conditions for Agreements between Owner and Designer (Form SBC-6a):

- Under Article 11, to be renamed **Employment Practices**, insert a new item entitled "**11-2 Prohibition of Illegal Immigrants**" as follows:

11-2 Prohibition of Illegal Immigrants

- (a) The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- (b) The Designer hereby attests, certifies, warrants, and assures that the Designer shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor/consultant who will utilize the services of any illegal immigrant in the performance of this Contract. The Designer shall reaffirm this attestation, in writing, by submitting to the State a completed and signed attestation document, embodying the language as shown in Attachment 1 hereto, no less than semi-annually during the period of this Contract. In addition, a copy of such attestations shall be maintained by the Designer and made available to state officials upon request.
- (c) Prior to the use of any subcontractor/consultant in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Designer shall obtain and retain a current, written attestation that the subcontractor/consultant shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall

not knowingly utilize the services of any subcontractor/consultant who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors/consultants shall be maintained by the Designer and made available to state officials upon request.

- (d) The Designer shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
- (e) The Designer understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law provides for the prohibition of a Designer from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a Designer is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
- (f) For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a lawful permanent resident, or a person whose physical presence in the United States is authorized or allowed by the Department of Homeland Security and who, under Federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

- 2) Following approval of the Consent Agenda, the meeting adjourned at 11:32 a.m.

CONSENT AGENDA

Approved the following real property transactions, which have been reviewed and recommended for approval by Sub-Committee staff:

- A. Agency: University of Tennessee - Knox county
Transaction: Acquisition in Fee
- B. Agency: Tennessee Board of Regents – Shelby County
Transaction: Lease Agreement
Provision: Waiver Advertisement
- C. Agency: Department of Military – Overton County
Transaction: Disposal by Lease
Provision: Waiver Advertisement & Appraisals
- D. Agency: Department of Environment & Conservation – Fentress County
Transaction: Acquisition in Fee
- E. Agency: Department of Transportation- Hamilton County
Transaction: Disposal by Lease
Provision: Waiver Advertisement & Appraisals
- F. Agency: Department of Children’s Services- Fayette County
Transaction: Disposal by Lease
Provision: Waiver Advertisement & Appraisals
- G. Agency: Department of Children’s Services – Davidson County
Transaction: Lease Agreement
- H. Agency: Finance & Administration for Community Services Agency – Maury County
Transaction: Lease Agreement

A.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Knox County – 0.25 +/- acres with a house – 1815 Andy Holt Avenue, Knoxville, TN – Trans. No. 06-12-006 (GM)</u>
Purpose:	Acquisition in Fee of property located in University's Master Plan
Source of Funding:	University of Tennessee
Estimated Cost:	Fair Market Value
Owner(s):	Don R. Abercrombie
SSC Report:	01-16-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	01-22-07. Subcommittee approved the transaction as presented.

B.

TENNESSEE BOARD OF REGENTS

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: Shelby County – 4075 Park Avenue, Memphis, TN – Trans. No. 07-01-901

Purpose: To provide educational/research, clinical services and therapy services

Term: May 1, 2006 thru September 30, 2012 (6 yrs. 3 mons.)

Proposed Amount:	<u>14,000 Square Feet</u>		
	Annual Contract Rent Incl. Annual		
	Utility & Janitorial Cost:	<u>\$154,000.00</u>	<u>@\$11.00/sf</u>
	Total Annual Effective Cost:	\$154,000.00	@\$11.00/sf

Current Amount: None

Type: New Lease

Purchase Option: Yes

Lessor: Genesis Inn Building

Comment: The proposed lease provides that when the lease expires the building will revert back to the University of Memphis.

SSC Report: 01-16-07. Bill Bryan summarized the transaction. Mike Fitts asks to approve the lease for the full remaining term. Staff referred to Sub-Committee for consent agenda.

SC Action: 01-22-07. Subcommittee approved the transaction as presented.

C.

DEPARTMENT OF MILITARY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Overton County - .92 +/- acres extending 2004.3 ft by 20 ft. wide permanent easement and temporary construction easement for ingress and egress, being generally 80 ft wide at Livingston Armory property – Livingston, TN – Trans. No. 06-12-002 (LW)</u>
Purpose:	Disposal by Easement for a water line to upgrade water source for the Town of Livingston
Estimated Sale Price:	Grant
Grantee:	Town of Livingston
SSC Report:	01-16-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	01-22-07. Subcommittee approved the transaction as presented.

D.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Fentress County – 24.58 +/- acres – Pogue Creek & Blackhouse Mt. Road, Jamestown, TN – Trans. No. 06-12-008 (FB)</u>
Purpose:	Acquisition in Fee to purchase of land to preserve view shed and to create an overlook with a commanding view of the escarpment of Pogue Creek State Natural Area
Source of Funding:	State Land Acquisition Fund
Estimated Cost:	Fair Market Value
Owner(s):	Jamestown Properties, LLC
SSC Report:	01-16-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	01-22-07. Subcommittee approved the transaction as presented.

E.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE of interest in real property with WAIVER of ADVERTISEMENT and ONE (1) APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Hamilton County – 0.220 +/- acres – Interstate I-75 & Highway 153, Chattanooga, TN – Trans. No. 06-12-003 (BW)</u>
Purpose:	Disposal by Lease to construct a multi-user cell phone tower.
Term:	Fifteen (15) years
Consideration:	Fair Market Value
Lessee:	Matthew Bates/Wireless Properties
SSC Report:	01-16-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	01-22-07. Subcommittee approved the transaction as presented.

F.

DEPARTMENT OF CHILDREN'S SERVICES

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE AMEND of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Fayette County – Campus of Wilder Youth Development Center, 13870 Highway 59, Somerville, TN – Trans. No. 06-12-007 (FB)</u>
Purpose:	Disposal by Lease to amend the existing lease to extend for the second time for one year.
Term:	January 1, 2007 – December 31, 2007
Consideration:	Mutual benefits
Lessee:	Fayette County Government
SSC Report:	01-16-07. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	01-22-07. Subcommittee approved the transaction as presented.

G.

DEPARTMENT OF CHILDREN'S SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Davidson County – 1101 Kermit Drive, Suite 400, Nashville, TN – Trans. No. 06-10-902 (JS)

Purpose: To provide office space for call center that operates 24/7.

Term: July 1, 2007 thru June 30, 2017 (10 yrs.)

Proposed Amount:	<u>15,994 Square Feet</u>		
	Annual Contract Rent Incl. Annual		
	Utility & Janitorial Cost:	<u>\$237,111.03</u>	<u>@\$14.83/sf</u>
	Total Annual Effective Cost:	<u>\$237,111.03</u>	<u>@\$14.83/sf</u>

Current Amount: 14,000 Square Feet / State Space on Foster Ave.

Type: New Lease – Advertised – Received two proposals from one proposer

FRF Rate: \$18.00 per square foot

Purchase Option: No – multi-tenant

Lessor: Oaks Office Investment, LLC

Comment: The proposed lease provides (1) Lessor will make interior improvements at no additional cost to the State, (2) 25 KW generator provided at no additional cost to the State, and (3) no cancellation for first five years except for cause and/or lack of funding and 180 days thereafter.

SSC Report: 01-16-07. Bill Bryan summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 01-22-07. Subcommittee approved the transaction as presented.

H.

DEPARTMENT OF FINANCE & ADMINISTRATION
for
COMMUNITY SERVICES AGENCY

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Maury County – 6006 Trotwood Avenue, Columbia, TN – Trans. No. 05-11-905 (RS)**

Purpose: To provide office space for county operations

Term: January 1, 2008 thru December 31, 2012 (5 yrs.)

Proposed Amount: 6,193 Square Feet

Annual Contract Rent:	\$75,000.00	@\$12.11/sf
Est. Annual Utility Cost:	\$ 8,670.20	@\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 6,812.30</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$90,482.50	@\$14.61/sf

Current Amount: None

Type: New Lease – Advertised – Received two proposals which one is non-conforming

FRF Rate: \$13.50 per square foot

Purchase Option: No

Lessor: George A. Clanton Construction Company

Comment: The proposed lease provides (1) Lessor shall provide 6,193 sf of new build-to-suit building, (2) Lease includes a 90-day State cancellation clause.

SSC Report: 01-16-07. Bill Bryan summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 01-22-07. Subcommittee approved the transaction as presented.

Approved by: _____
M.D. Goetz, Jr., Commissioner
Department of Finance and Administration